



## Tejon Ranch Co. Reports First Quarter 2016 Results of Operations

May 6, 2016

TEJON RANCH, Calif.--(BUSINESS WIRE)--May 6, 2016-- Tejon Ranch Co. (NYSE:TRC), a diversified real estate development and agribusiness company, today released the results of operations for the first quarter ended March 31, 2016.

"During the first quarter of 2016, we continued to make progress executing our real estate strategy - particularly our efforts to grow our commercial real estate portfolio," said Gregory S. Bielli, President and CEO. "As previously reported, we entered into a non-binding Letter of Intent with Majestic Realty Co. to develop a 480,000 square foot industrial building at Tejon Ranch Commerce Center-East. This opportunity will synergize well with our current offerings and is another step in Tejon Ranch Commerce Center's journey to becoming a strong employment center for the region. We also completed development and delivered a multi-tenant building leased to two fast-casual restaurant offerings, Habit Burger and Baja Fresh."

Mr. Bielli continued, "For Tejon Ranch's other business segments, revenues from our diversified operations, including farming, mineral resources, and commercial real-estate, continue to support our large-scale development projects, funding future growth and positioning Tejon Ranch for long-term shareholder value creation. For the remainder of 2016, we will continue to move forward with our large-scale development projects: Mountain Village at Tejon Ranch, Centennial at Tejon Ranch and Grapevine at Tejon Ranch. We look forward to updating our shareholders as we achieve new milestones along the way."

### First Quarter Financial Highlights

- Revenue from operations for the first quarter of 2016 was \$13.0 million, a decrease of \$3.6 million, or 22%, compared to \$16.6 million in revenue for the same period in 2015. The decrease in revenues was mainly due to the following:
  - Almond revenues decreased \$1.6 million as a result of reduced 2015 almond inventory carryover as compared to the prior year. Our carryover almond crop was 430,000 and 916,000 pounds at the beginning of 2016 and 2015, respectively.
  - Water sales decreased \$1.2 million as a result of the timing of our water sales. Comparatively, water sales were 5,954 and 7,054 acre feet of water during the three months ended March 31, 2016 and 2015, respectively.
  - Oil royalty revenues decreased \$357,000 due to declines in both the price per barrel of oil and production volume.
- Net income attributable to common stockholders for the first quarter of 2016 was \$1.2 million, representing earnings per common share of \$0.06, compared to \$1.6 million, or earnings per common share of \$0.08, for the same period in 2015.
- Equity in earnings from unconsolidated joint ventures for the first quarter of 2016 was \$1.5 million, an increase of \$0.3 million, or 27%, compared to \$1.2 million for the same period in 2015. The increase is driven by increased fuel sales from our TA/Petro joint venture as a result of the continued traffic growth within Tejon Ranch Commerce Center-East.

### 2016 Operational Highlights

- In January 2016, we delivered a multi-tenant building located at Tejon Ranch Commerce Center-East to Habit Burger and Baja Fresh. Habit Burger began operations in April and Baja Fresh will be opening for business during the latter part of the second quarter.
- In April 2016, we entered into a non-binding Letter of Intent with Majestic Realty Co., a Los Angeles based commercial/industrial developer, to negotiate a joint venture operating agreement to pursue the development, construction, leasing, and management of an approximately 480,000 square foot industrial building on the Company's property at Tejon Ranch Commerce Center-East.

### 2016 Outlook:

The Company believes its capital structure provides a solid foundation for continued investment in ongoing and future projects. As of March 31, 2016, total capital, including long-term debt, was approximately \$405.8 million. The Company also had cash and securities totaling approximately \$34.0 million and full availability on its \$28.0 million line of credit.

The Company will continue to aggressively pursue development, leasing, and investment within the Tejon Ranch Commerce Center and in its joint ventures. The Company continues to invest in its residential projects, including the completion of entitlements for Centennial and Grapevine at Tejon Ranch and in the pre-development investment for Mountain Village at Tejon Ranch.

During 2016, the Company will continue to invest funds toward obtaining entitlements for our land and for master project infrastructure and vertical development within our active commercial and industrial developments. California is one of the most highly regulated states in which to engage in real estate development and, as such, delays, including those resulting from litigation, can be reasonably anticipated. Accordingly, throughout the next few years, we expect net income to fluctuate from year-to-year based upon commodity prices, production within our farming segment, and the timing of sales of land and the leasing of land within our commercial/industrial developments.

The Company believes the variability of its quarterly and annual operating results will continue during 2016 due to the nature of its current farming and real estate activities. Mineral resource revenue from oil royalties is expected to be negatively impacted in 2016 due to the expectation of lower average prices for oil during 2016 as compared to 2015. Farm revenues may be adversely impacted in 2016, compared to 2015, due to recent declines in

almond prices. As the spring bloom in the orchards has just begun, it is too early to make any estimate as to farm production for 2016.

#### About Tejon Ranch Co.

Tejon Ranch Co. (NYSE: TRC) is a diversified real estate development and agribusiness company, whose principal asset is its 270,000-acre land holding located approximately 60 miles north of Los Angeles and 30 miles south of Bakersfield.

More information about Tejon Ranch Co. can be found online at <http://www.tejonranch.com>.

#### Forward Looking Statements:

The statements contained herein, which are not historical facts, are forward-looking statements based on economic forecasts, strategic plans and other factors, which by their nature involve risk and uncertainties. In particular, among the factors that could cause actual results to differ materially are the following: business conditions and the general economy, future commodity prices and yields, market forces, the ability to obtain various governmental entitlements and permits, interest rates and other risks inherent in real estate and agriculture businesses. For further information on factors that could affect the Company, the reader should refer to the Company's filings with the Securities and Exchange Commission.

#### TEJON RANCH CO.

#### CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except earnings per share)

(Unaudited)

	Three Months Ended	
	March 31, 2016	March 31, 2015
Revenues:		
Real estate - commercial/industrial	\$ 2,154	\$ 2,279
Mineral resources	8,740	10,200
Farming	1,221	3,071
Ranch operations	838	1,083
Total revenues from Operations	12,953	16,633
Operating Profits:		
Real estate - commercial/industrial	475	670
Real estate - resort/residential	(542)	(751)
Mineral resources	4,047	4,426
Farming	(285)	728
Ranch operations	(509)	(510)
Income from Operating Segments	3,186	4,563
Investment income	118	155
Other income	51	38
Corporate expense	3,003	3,443
Income from operations before equity in earnings of unconsolidated joint ventures	352	1,313
Equity in earnings of unconsolidated joint ventures, net	1,455	1,150
Income before income tax expense	1,807	2,463
Income tax expense	612	862
Net income	1,195	1,601
Net loss attributable to non-controlling interest	(14)	(16)
Net income attributable to common stockholders	\$ 1,209	\$ 1,617
Net income per share to common stockholders, basic	\$ 0.06	\$ 0.08
Net income per share to common stockholders, diluted	\$ 0.06	\$ 0.08
Weighted average number of shares outstanding:		
Common stock	20,702,103	20,645,846
Common stock equivalents – stock options	71,364	60,737
Diluted shares outstanding	20,773,467	20,706,583

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